To the Board of Directors
Nevada Affordable Housing Assistance Corporation
Las Vegas, Nevada

In planning and performing our audit of the financial statements of Nevada Affordable Housing Assistance Corporation (NAHAC) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered NAHAC's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NAHAC's internal control. Accordingly, we do not express an opinion on the effectiveness of the NAHAC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Material Adjustments and Supporting Schedules

During our audit, we discovered material adjustments that needed to be posted to the accounting records in order for the financial statements to be fairly stated in accordance with generally accepted accounting principles. These adjustments had not been discovered in the normal review processes that NAHAC has implemented. Supporting schedules for several balance sheet accounts were either not maintained during the year, or were maintained but did not agree to the general ledger. Supporting schedules should be used by management to reconcile account balances to the general ledger on a periodic basis and at year end, then provided to the auditor for audit procedures. As certain supporting schedules were either not maintained or not reconciled, there is a risk that the balance sheet reconciliations being performed are not complete and that recognition in the accounting records is not complete. We recommend supporting schedules for all balance sheet accounts be maintained, and the ending balance per the schedules be compared to the ending balance in the general ledger prior to providing these schedules for audit purposes. Please refer to the attached detail (Exhibit A) for a complete listing of adjustments.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in NAHAC's internal control to be significant deficiencies:

Nevada State Bank Accounts

During our testing, we noted that the checking account held at Nevada State Bank was not reconciled during the fiscal year. We further noted that the Nevada State Bank money market account used to account for Culinary Union down payment assistance loans recouped was not reconciled during the fiscal year and was not properly recorded on trial balance made available for audit. We recommend that these accounts be reconciled monthly to ensure that all transactions are accounted for in the proper period and that all bank activity consists of valid transactions for NAHAC.

Mortgage Assistance Program (MAP)

Each month, homeowners receiving Mortgage Assistance Program (MAP) assistance are required to submit a copayment prior to assistance funds being disbursed on their behalf. During our audit, we discovered that one person is responsible for maintaining the Mortgage Assistance Program (MAP) homeowner listing, receipting homeowner copayments into QuickBooks, and initiating the mortgage servicer wire disbursement. This individual also has the ability to create a “customer” in QuickBooks. There is a risk that this individual could create a fraudulent “customer” in QuickBooks, receipt in a homeowner copayment against this “customer” account, and initiate a wire to this “customer’s” mortgage servicer. We recommend that this employee’s QuickBooks access be restricted so they are unable to create a “customer” thereby reducing the risk of misappropriation of funds.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 13, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NAHAC are described in Note 1 to the financial statements. We noted no transactions entered into by NAHAC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were as follows:

Management’s estimate of the allowance for doubtful accounts receivable is based on expected payments on the accounts receivable. The expected payments are determined by management based on communications with customers and historical experience over collectability. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of fixed assets is based on general knowledge about comparative items and the anticipated sunset date of the organization of December 31, 2020. We evaluated the key factors and assumptions used to develop the estimate of the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule (Exhibit B) summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The material misstatements (Exhibit A) detected as a result of our audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 12, 2017.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of NAHAC and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Houldsworth, Russo & Company, P.C.

Houldsworth, Russo & Co., P.C.
Las Vegas, Nevada

Nevada Affordable Housing Assistance Corporation

Year End: June 30, 2016

Adjusting Journal Entries **Exhibit A**

Date: 7/1/2015 To 6/30/2016

Number	Date	Name	Account No	Debit	Credit
AJE-1	6/30/2016	Compliance Recoveries	407001		17,800.00
AJE-1	6/30/2016	B6 Clark County	506000	7,800.00	
AJE-1	6/30/2016	Bad Debt Expense for Audit	406000A	10,000.00	
		To correctly record write-off of compliance recoveries receivable			
AJE-2	6/30/2016	Accounts Payable	200000	37.25	
AJE-2	6/30/2016	Interest Income	409000		243.72
AJE-2	6/30/2016	Bank Fees	520002	56.50	
AJE-2	6/30/2016	Supplies-LV	751002	18.50	
AJE-2	6/30/2016	Legal Services-LV	761002	360.00	
AJE-2	6/30/2016	Money Market NSB(per GT audit)	1100030	101,713.97	
AJE-2	6/30/2016	Mortgage Loans Receivable Net	1750030		101,942.50
		To record Culinary Union transactions in the NSB Money Market Acccount			
AJE-3	6/30/2016	Mortgage Loans Receivable Net	1750030		3,173.99
AJE-3	6/30/2016	Bad Debt Expense for Audit	406000A	3,173.99	
		To record write-offs from the Culinary Union down payment assistance loans that are maintained by NHD			
AJE-4	6/30/2016	Refundable Advance from HHF	23000		111,300.00
AJE-4	6/30/2016	Accrued Expenses - Audit	220110	111,300.00	
AJE-4	6/30/2016	Program Funds	400000	111,300.00	
AJE-4	6/30/2016	Accounting/Audit Expense	763001		111,300.00
		To adjust accrued expenses			
AJE-5	6/30/2016	Allowance For Doubtful Accounts	111200		16,085.24
AJE-5	6/30/2016	Bad Debt Expense for Audit	406000A	16,085.24	
		To record allowance for doubtful accounts receivable			

AJE-6	6/30/2016	Program Revenue	231000	7,720.54	
AJE-6	6/30/2016	Program Funds	400000		7,720.54
		To recognize revenue in accordance with HHF expenses recorded			
AJE-7	6/30/2016	USDoT Payable	24000		82,172.00
AJE-7	6/30/2016	US Department of Treasury - Unauth Expenses	90000	82,172.00	
		To record the lliability related to unauthorized expenditure of Hardest Hit Fund monies per the US Treasury SIGTARP audit			

Nevada Affordable Housing Assistance Corporation

Year End: June 30, 2016

Unrecorded Journal Entries **Exhibit B**

Date: 7/1/2015 To 6/30/2016

Number	Date	Name	Account No	Debit	Credit
AJE-8	6/30/2016	Office Rent-Reno	734001	408.00	
AJE-8	6/30/2016	Office Rent-LV	734002	3,774.00	
AJE-8	6/30/2016	Deferred Rent	227000		4,182.00
		To record consideration of deferred rent liability			